

NSC BRIEFING

3 April 1956

AUSTRIAN ELECTION

I. Elections (13 May) - People's Party vs. Socialists.

A. Issues:

1. People's Party - private control ex-German assets (particularly oil).
2. Socialists - nationalize these assets.

B. Parties also differ on control new army.

II. Socialist majority unlikely.

III. Conclusion: reconstituted coalition almost certain.

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3 APRIL 1956

AUSTRIAN ELECTIONS

1. The Austrian government has been in a "caretaker" status since 17 March, pending national parliamentary elections on 13 May. The government coalition parties--the People's Party (74 seats) and the Socialists (73)--have failed to reach agreement on a number of vital issues, mainly the deposition of formerly Soviet-held ex-German assets and control over the new Austrian army.

2. US Embassy Vienna reports that the People's Party has placed itself in a disadvantageous electoral position in trying to promote the denationalization of formerly Soviet-held ex-German assets. The Socialist Party's plan (for continued government control over these properties) is simpler than the People's Party scheme of issuing "People's Shares" to be distributed to the Austrian people and sold to foreign commercial organizations interested in Austrian industrial development--particularly oil development.

25X1C 3. Foreign Minister Figl is pessimistic about his People's Party election prospects because campaign funds are low. Earlier Embassy reports indicated that the Socialists desired a spring election because the increased unemployment at that time of year helps their cause.

4. Although the Socialists are thus likely to make some gains in the May elections, they will probably not gain a majority. In consequence, the new government is again expected to be a coalition of the Socialists and the People's Party. Communists and other minor parties are expected to lose strength.

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5. Meanwhile, the Austrians have been under continuous pressure from the USSR and other bloc countries to develop freer trade and closer relations with the bloc.

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